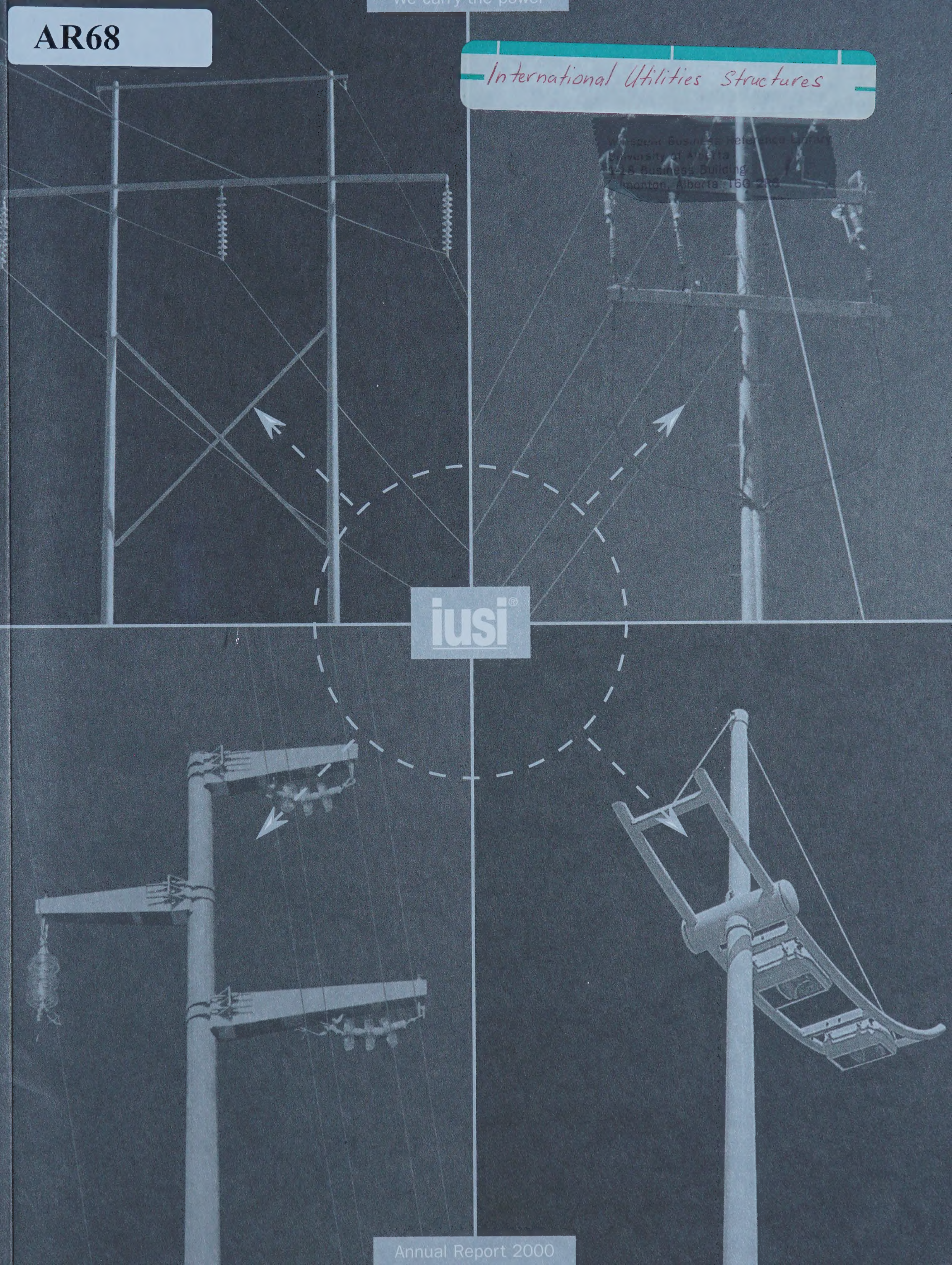
We carry the power

International Utilities Structures



iusi®

Annual Report 2000

Annual General Meeting

The Annual General Meeting of Shareholders will be held at 2:00 P.M. on March 30, 2001, in the Bennett Room at the offices of Bennett Jones LLP, 45th Floor, 855 - 2nd Street, S.W., Calgary, Alberta. Shareholders and other interested parties are encouraged to attend.

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Corporate Profile

International Utility Structures Inc. ("IUSI" or the "Company") is a world leader in the manufacturing and marketing of metal overhead lighting, powerline, and telecommunications support structures. IUSI's broad range of environmentally friendly products are sold to customers in over 100 countries through its established and experienced worldwide sales and distribution network. The Company's low cost, proprietary steel pole manufacturing process provides a significant cost advantage in the manufacture of round tapered hydro, lighting and telecommunications poles compared to poles manufactured using conventional technology.

IUSI has manufacturing, design and engineering capacity in the United States, France and England. IUSI is traded on The Toronto Stock Exchange under the symbol IUS.

Note: All dollar amounts are stated in United States dollars unless otherwise indicated.

YEAR IN REVIEW

- Awarded large one-year supply contract with an African utility company, demonstrating IUSI's leading position in generating sales opportunities in emerging countries.

- New steel pole purchasing programs are deferred until 2001 due to increased utility company investments in maintenance programs, combined with deregulation, and fiscal restraint, resulting in a year of flat sales.

- Historical under-funding of new power distribution and transmission infrastructure bodes well for IUSI in future years, notably in the U.S. markets, as customers seek to improve power transmission and distribution infrastructure.

- Union Metal Group sold for gross proceeds of $65 million, significantly strengthening the balance sheet; enabling focus of Company resources towards core growth markets.

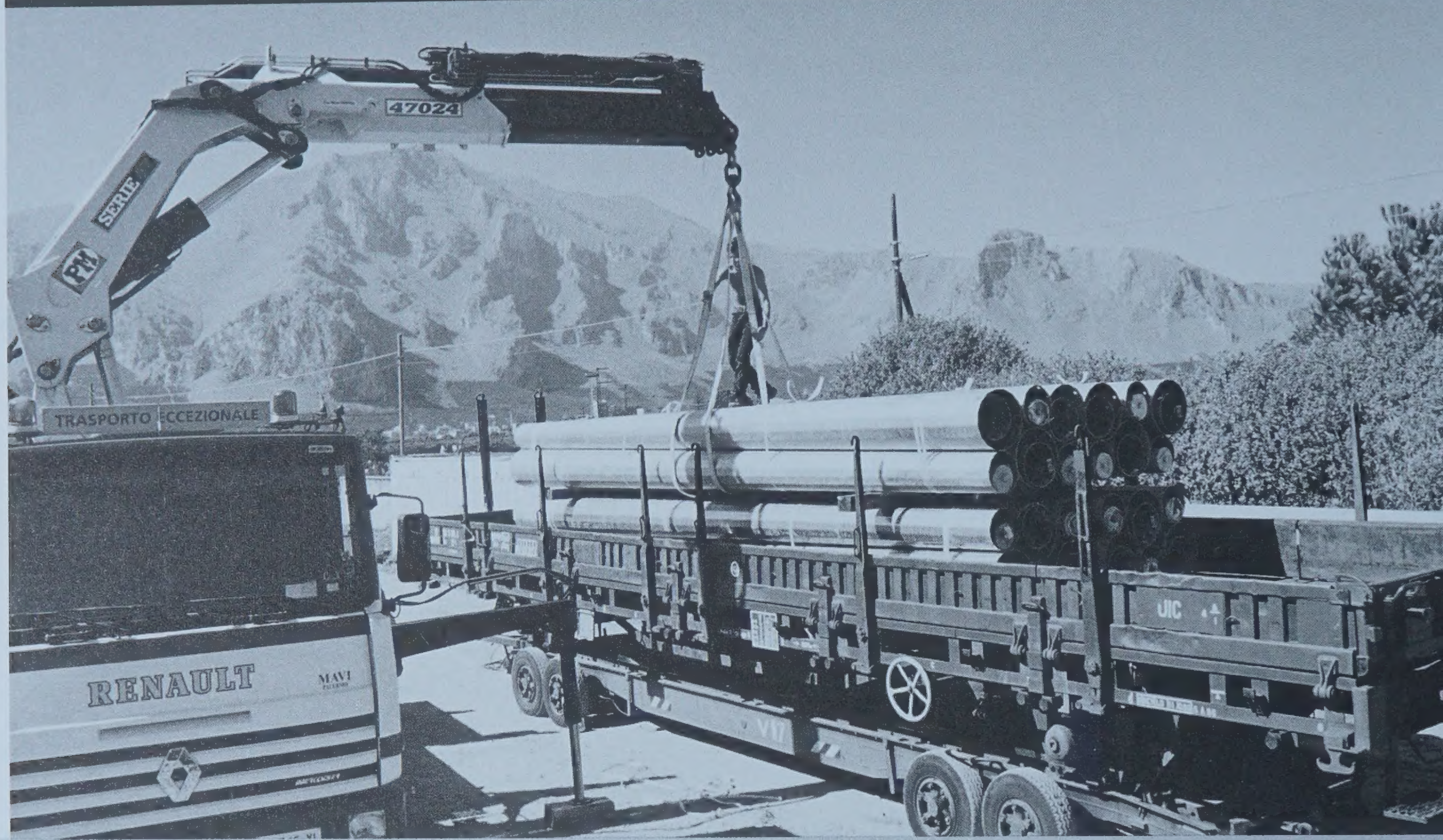
- French Franc and Euro devaluation negatively affected results from our European operations.

- Secured export financing of $50 million for an international utility customer. Final negotiations towards ratifying a formal contract are expected to be complete in 2001.

- Next generation, high-speed Centaurus Electric Resistance Welding technology successfully completed testing.

- IUSI leads initiative to correct historic inequality in comparative wood and steel distribution pole safety factors resulting in development of new standards by the American Society of Civil Engineers ("ASCE"), which recognize steel's inherent strength and performance. ASCE is the pre-eminent globally recognized authority for structural design standards.

- New ASCE standards are expected to have a positive effect on IUSI's penetration in the U.S. as rural utility customers can now seek federal agency funding of their infrastructure programs, utilizing lighter duty steel poles, due to the correction of the previous standard.



Tapered poles allow for efficient transportation [Italy]

Dear Fellow Shareholders,

Our immense growth opportunity in providing the world with a steel infrastructure for the distribution and transmission of power and telecom signals is complemented by our leadership position in Europe's lighting pole business. Servicing the rapidly growing worldwide markets allows IUSI to carry their power, their signals, and their trust, making us a vital component of the supply chain. We take this role seriously by supporting our customers with innovation, product quality and high quality service. This customer-centric belief gives us the gratifying position to continue to improve and strengthen our corporate position, and the power to seize many excellent opportunities still ahead.

In review, many factors affected our business during fiscal 2000. As a manufacturer of utility poles operating throughout the world, the well-publicized power "brown-outs" in the western United States, the fourth year of deregulation in North American electrical utilities, international monetary changes in Europe and political conditions in Asian markets, caused short-term deferrals in many projects. However, in spite of these worldwide conditions, our European operations have continued to dominate market share of existing product lines.

Although these situations provided challenge for IUSI in 2000, they also effectively demonstrated the significant opportunities to increase our customer base around the

world by providing cost-effective, environmentally-friendly and long-lasting utility structures.

We launched our new stainless steel utility product line in Europe and received a $4.5 million order from a major European customer. This was supplemented with increased sales success in Africa, Asia and South America, which are increasing the construction of electrical and telecommunications infrastructure projects. Environmental reviews and customer concern regarding the negative effects of the chemicals used in wood poles continue to lead to more attention being focused on the numerous benefits of our steel structures.

Transpole™ [Thailand]

Multi use distribution pole [PEI, Canada]

Over this past year, our commitment to refine our focus and strengthen the Company's financial position was marked most notably with the sale of Union Metal Corporation located in Canton, Ohio and Metal Pole-Lite Inc., located in Montreal, Quebec (collectively; the "Union Metal Group"), which provided a significant return on investment to our shareholders. This company was part of our purchase of Petitjean Industries in 1998 and was considered a non-strategic asset within the Company, operating primarily in the areas of roadway lighting and traffic structures in the U.S. market. This disposition, which resulted in a $34.4 million net gain, was in keeping with our commitment to strengthen the Company financially within three years of our Petitjean acquisition.

The use of steel for distribution poles is being widely accepted in Europe [Italy]

While we have exited the lighting and traffic business in North America, it is important to note that we see this as an important area of growth internationally, enhanced by the fact that Petitjean Industries is a recognized market leader. North American marketing will be focused on utility products in transmission and distribution where we are a recognized global leader. We are confident that we have focused on the right mix of products that we expect will result in high volume growth and strong margins.

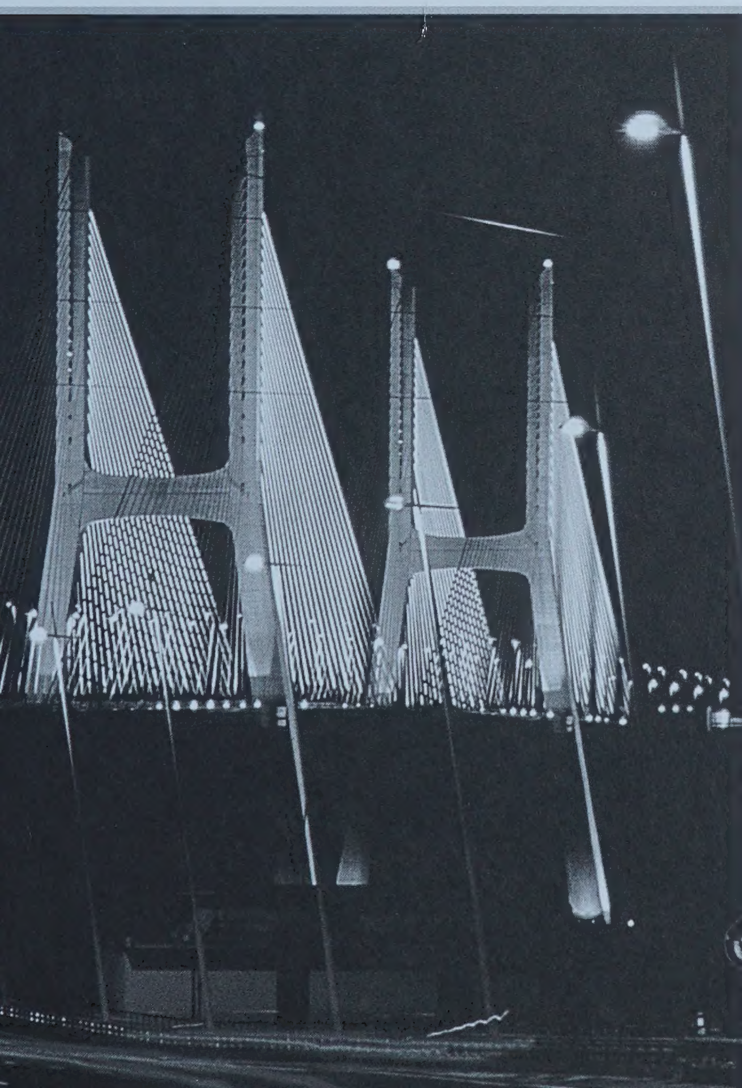
In fiscal 2000, we introduced new equipment and manufacturing processes, which resulted in a streamlined labor force and increased productivity, while maintaining sales levels. The efficiency and cost structure of our manufacturing operations have improved dramatically, and our order backlog, throughout the world, remains strong.

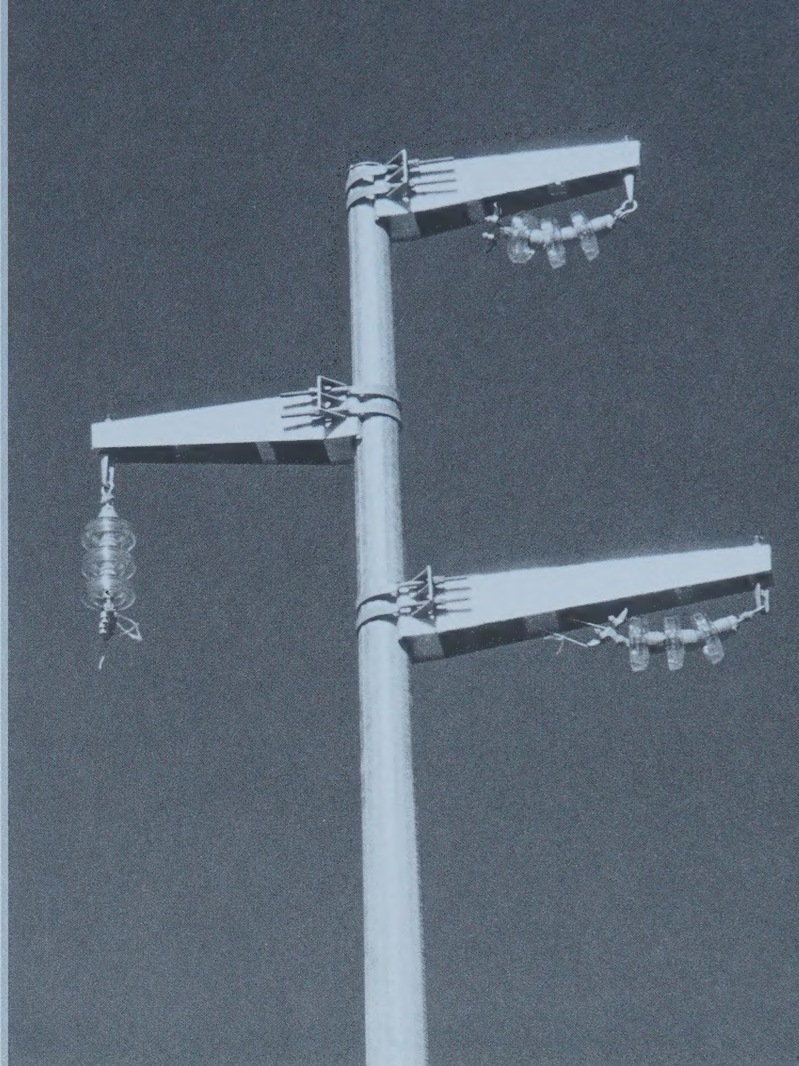
We vigorously led a standard-setting initiative in order to correct a decades-old recognized mathematical inequality in previous structural engineering standards. The American Society of Civil Engineers ("ASCE"), the pre-eminent globally recognized authority in structural design standards, agreed to lead the development of a new engineering standard for steel distribution poles. This will result in a standard for steel utility poles which

recognizes steel's superior strength and durability. Smaller utility customers can now seek federal agency funding of their infrastructure programs by utilizing lighter duty steel poles. All previous standards will be replaced by the ASCE standards upon their introduction in mid 2001.

Our market share increased in Europe, Africa and South America, however, gross profits were reduced by a price increase in steel combined with a significant devaluation of the Euro. Some governments and utilities deferred implementation of capital projects due to fiscal restraints, especially in Europe and Asia.

Decorative highway lighting on the Vasco De Gama Bridge [Lisbon, Portugal, 1998 • Designed: R.Jeol]





Distripole™ can be configured to meet customer design requirements

This past year, $50 million of export financing was secured for a transmission and distribution utility customer. The Company hopes to finalize negotiations towards ratifying a formal contract during 2001.

In addition to our customary European utility business, our Petitjean subsidiary secured a contract for approximately $8 million in architecturally designed custom transmission structures from a major European utility. This contract will be delivered over a three year period and will serve to significantly increase Petitjean's visibility to the international utility community.

Fiscal 2001 is indicating that our global markets are rapidly improving with infrastructure procurement budgets increasing. Steel prices, which are the biggest input cost, have continued to trend down, allowing us to further improve gross margins.

New generating capacity being introduced in the United States, to ensure that power outages are being minimized, will require new transmission lines in many cases. Many existing distribution lines with right-of-way restrictions will also require upgrading due to increases in size and capacity requirements. The U.S. government has indicated a commitment to adding new generating capacity, which bodes well for IUSI, and is further supported by a significantly increased order backlog from the U.S. marketplace. Beginning fiscal 2001, IUSI has quoted on more than $100 million in new projects in the U.S., and to date, has achieved a high success rate on projects awarded.

With the tremendous success we have found with our North American distribution and light transmission products compounded by the synergies of positive market conditions, the Board of Directors has agreed, in

Steel poles are lightweight and portable [Ivory Coast]

Custom designed lighting at St-Jean de Monts [1998 • Design: Radu-Vincenz and Louis Clair]

principal with the direction to expand our production capabilities in the U.S. to include transmission products along with distribution products currently manufactured.

I am optimistic that 2001 will be a notable year and should result in a financially stronger company. I would like to take the opportunity to thank our 900 employees in France, England, the United States and Canada for their dedication, persistence and positive contributions to our research, operational and sales success. I truly believe that the IUSI employees have the power to carry us forward. And, finally, on behalf of the Board of Directors, thank you, our shareholders, for carrying forward with us.

Sincerely,

Robert G.J. Jack
President and Chief Executive Officer

Steel poles are lightweight and stack easily for effective shipment

Products

International Utility Structures Inc. continues a focus on research and development.

IUSI participated in a joint development project with a major customer, creating a new hybrid steel and concrete pole structure that met the requirements for installation in marsh or swamp-like conditions. IUSI developed the slip-fitted steel top, which then was combined with a concrete ground stub, which acts as a ballast in these harsh conditions.

In November 2000, a $4.5 million contract for stainless steel telephone poles resulted from the development of a new product line. This series of poles, manufactured at our Stainton Metal Division in Teesside, England, features a 70-year corrosion-free guarantee from the steel supplier. We continue to test market this product with existing and potential European and North American customers.

IUSI acquired the exclusive distributorship in North America and in several other countries for a boot mounted climbing device, thereby eliminating the drilling of large bore climbing step holes and significantly reducing costs. This climbing product is the accepted standard in Europe and is finding a high level of interest with utilities in North America.

Marketing and Distribution

In fiscal 2000, we increased market penetration by actively marketing to 147 countries. Petitjean processed more than 20,000 orders in fiscal 2000. In meeting this demand, the facility demonstrated its achievements in planning and logistics. Growing demand has resulted in breakthrough orders with very large distribution pole users in the North American investor-owned utilities.

We have strengthened our agency and distributor networks by adding sales agencies and two new distributors in the Northeast and Northwest U.S. areas,

Worker demonstrating “Euroclimbe[illegible] distributed by IUSI in North [illegible]

which have historically been resistant to efforts to convert from wood to steel.

There is continued environmental concern expressed about the chemical treatment of wood distribution poles. With falling steel prices and our efficient production capability, we expect to achieve stronger market penetration.

Our efforts to accelerate market growth have not been without challenges. Wood has been used for over a century for distribution poles, and displacing this, is a formidable force to redirect. However, the advantages of steel are causing a shift. Another challenge we have faced is the deregulation of utility companies in North America. This deregulation effort has, in many cases,

Manufacturing and Technology

During the first half of fiscal 2000, our engineering research and development team successfully completed the first stage testing of its next generation Electrical Resistance Welding ("ERW") machine. International patent applications have been filed, and are awaiting acceptance. The new ERW, "Centaurus" incorporates many new and revolutionary technical innovations that have overcome the limitations of previous machines equipped with "squeeze rolls".

The new technology allows an increase in pole shaft diameters, and, where dictated by design, increased pole shaft wall thickness, while maintaining the high speed

diverted attention away from the evaluation and purchase of distribution poles and has slowed our expected rate of growth in fiscal 2000.

This past year we introduced our transmission products across the United States and Canada because of current and projected overloads on the existing transmission infrastructure. New lines and upgrades are planned by virtually every large utility customer.

Our steel H-Frame product has been very price competitive against wood and extremely well received. We now offer light-duty Transpoles™ and custom-designed structures on a select basis across the U.S. and Canada. This expanded product line is also expected to have a positive impact on our distribution pole business.

"Steel poles are clearly a less expensive, more ecologically friendly and safer option to wood poles. We found they were a much better substitute. A steel pole has a life-span of 80 years. Its wood equivalent has one of 20 years. (Steel utility poles) are easier to handle. They come pre-drilled. They're lighter, so it takes less equipment to install them which eventually lowers cost."

Steel poles can be installed in diverse and rugged terrain (Ivory Coast)

welding advantage afforded by the ERW process. The Centaurus can weld up to 1/4 inch thick material at a rate of 80 feet per minute. We continue to maintain our position as a world leader of steel pole manufacturing that can compete effectively from a cost and quality perspective with major competitive alternatives.

In IUSI's Batesville, Arkansas facility, drilling constraints were successfully alleviated during the first quarter, by the installation of two custom engineered, multiple bit bi-plane drilling machines. These additional units have significantly reduced both cycle and set-up times while allowing us to benefit from reduced product change-over costs.

A high capacity shear, that allows a faster, cleaner cut for both light and heavy material, was installed in the second quarter, and a new precision leveler was installed during the third quarter. IUSI has improved efficiencies, reduced the level of scrap and reduced post processing that we previously experienced due to the sometimes inconsistent shape characteristics of steel received from suppliers.

IUSI's tandem brake press has undergone phase one of a complete overhaul. The die beds and carriers were resurfaced to bring them back to an "as new" condition, simultaneously with an overhaul of the hydraulic system. Phase two will see completion in 2001 with the installation of new forming dies, a semi-automatic die

[illegible]

change system and a pole/die pull off system. Completion of this second, and final phase will dramatically reduce the time taken to change over, thereby increasing manufacturing efficiency levels.

IUSI's manufacturing operations will see the benefits of the dedication to improvement in technology and process. With the addition of more robotic and computer-controlled equipment, the Company will continue to maintain its commitment to continual cost reduction and improved production efficiency.

General

Numerous developments have occurred at IUSI since it commenced business in 1991 but the focus has always remained the same, to promote the use and benefits of steel distribution poles as a viable alternative to wood and concrete which have historically dominated the market.

During 1994, IUSI developed a proprietary welding technology to produce a 45 foot round tapered steel pole shaft every 90 seconds. In 1998, improvements were made to the technology which resulted in the production of the same length pole every 60 seconds. In fiscal 2000, we again improved our technology, which we call "Centaurus". This technology will allow us to increase pole shaft diameters and, where dictated by design, increase pole shaft wall thickness, while maintaining the high speed welding advantage. This improved technology can produce a 45 foot round tapered steel pole shaft every 45 seconds. The new "Centaurus" has successfully welded 1/4 inch (6mm) thick steel at a rate of 80 feet (25m) per minute.

Petitjean manufactured transmission structure

The North American pole market has proven to be slow to break into with wood being the product used for over 100 years. We believe the industry is now realizing both the economic and environmental benefits of steel. Steel has dominated the market for transmission and lighting for the past 40 years and has been proven for its durability.

By combining IUSI's low cost, high-speed product technology with Petitjean's international sales and distribution network, IUSI has become a global leader in the manufacturing and marketing of metal overhead lighting, powerline and telecommunication support structures. The international markets have readily accepted the steel distribution pole and all of Petitjean's product lines continue to increase their market share.

Concurrent with the acquisition of Petitjean in 1998, IUSI issued 10.75% Senior Subordinated Notes due 2008, for aggregate proceeds of $75 million. In addition to the Notes, IUSI also issued $20 million of Units, with each Unit consisting of one 13% Senior Exchangeable

In 1998, IUSI expanded its markets for steel distribution poles by acquiring Petitjean Industries, located in Troyes, France, for their strong global reputation. Petitjean is an international leader in the manufacture of lighting, transmission and cellular structures and now includes distribution poles which are being produced using IUSI's ERW technology.

The Petitjean group of companies not only included manufacturing facilities in France but also England (Stainton Metal Company) and the United States (Union Metal Corporation) as well as sales subsidiaries in Spain, Germany, Singapore, Chile, Belgium and the Netherlands.

"A lack of infrastructure investments in both power plants and electricity and natural gas transmission capabilities that is unique to California is at the root of the blackouts... is clear evidence not only of deficient capacity but also a lack of infrastructure to get the power to where it is needed."

Steel poles support multi-circuit flexibility in this power corridor [Niagara Falls, [illegible]]

Preferred Share and one Common Share Purchase Warrant. The Common Share Purchase Warrants entitle the holders to purchase an aggregate of 600,000 common shares, at CDN$1.98 per share. These warrants were not exercisable prior to February 1, 1999, and will expire on February 1, 2003. The Company, at its option, has paid semi-annual dividends in additional Senior Exchangeable Preferred Shares to February 1, 2001. Commencing August 1, 2001, all dividends will be paid in cash. The proceeds were used for the acquisition of Petitjean, the re-payment of long-term debt, the installation of ERW steel pole production equipment at Troyes, France, for working capital and other general corporate purposes.

In fiscal 2000, IUSI sold the Union Metal Group, which was acquired in 1998 as part of the Petitjean acquisition. These entities primarily manufactured traffic and lighting products and were not core to IUSI's business strategies for the North American market. IUSI's focus is on the manufacture and marketing of steel distribution and transmission products in this market.

The sale of these assets was realized in the last quarter of fiscal 2000. The Company now has strengthened the balance sheet giving it a stronger base for future growth.

Results of Operations

Audited financial statements for the year ended September 30, 2000, include comparable figures shown for 1999. On August 8, 2000, IUSI completed the sale of its subsidiaries Union Metal Corporation, located in Canton Ohio, and Metal Pole-Lite Inc., located in Montreal, Quebec. The significant increase in net income relates directly to the sale of these subsidiaries and resulted in a net gain on the sale of $34.4 million. The completion of this sale resulted in IUSI incurring the required annual July shutdown/maintenance of Union Metal Group without receiving benefit of the subsequent two revenue earning months in the last quarter. The decline in the value of the Euro/French Franc, versus the US dollar, created an unrealized foreign exchange loss of $6.5 million for the fiscal year.

In fiscal 2000, sales, net of commissions, were $153.9 million, compared with $164.9 million for the year ended September 30, 1999 ("fiscal 1999"). This decrease of 6.7% was impacted by the sale of the Union Metal Group and in part by the deferral of two major utility pole contracts.

Cost of sales for fiscal 2000 was $108.5 million, compared with $111.8 million for fiscal 1999. This

Steel poles are relied upon to withstand extreme weather conditions [England]

decrease is attributable to the lower sales level for 2000. Cost of sales, as a percentage of revenue, increased to 70.5% of sales for fiscal 2000, from 67.8% in fiscal 1999. This is reflective of the product mix and additional freight costs on a large European contract.

Plant operating costs for fiscal 2000 were $12.3 million compared with $13.8 million in fiscal 1999. Selling and administrative expenses for fiscal 2000 were $24.8 million, compared with $25.8 million for fiscal 1999. The above two expense categories reflect a significantly weaker Euro in fiscal 2000 compared to fiscal 1999, the inclusion of only 10 months of expenses for the Union Metal Group for fiscal 2000 versus a complete year in fiscal 1999 and also a strategy to reduce fixed costs by increased efficiencies.

EBITDA (Earnings before interest, taxes, depreciation and amortization) was $8.2 million in fiscal 2000, compared to $15.1 million in fiscal 1999. This reduction in EBITDA was directly effected by the dispositions of the Union Metal Group, the falling Euro, reduced margins due to product mix, additional costs on a large European contract and a very soft fourth quarter for both North American and European sales.

Depreciation and amortization for fiscal 2000 were $8.4 million, comparing closely to $8.7 million for fiscal 1999.

Net income in fiscal 2000 was $20.2 million ($1.62 per common share), compared with a net loss of $7.3 million (($0.59) per common share) reported in 1999.

Metal Group. There continues to be further opportunities to reduce accounts receivable and inventory levels in the short term which will assist in the negative impacts expected from steel suppliers in Europe reducing their trade credit terms in an industry wide action.

At September 30, 2000 the Company had $73.0 million outstanding in 10.75% Senior Subordinated Notes after repurchasing $2.0 million face amount of Notes. At February 12, 2001, the cumulative total of the face amount of the Notes repurchased was $27.9 million. These repurchases were made at a large discount. Management continues to evaluate further opportunities

reflects the surroundings [France]

This significant increase is due to the net gain on sale of the Union Metal Group. IUSI's shareholders' equity increased to $4.6 million from a deficit position of $9.0 million.

Working capital at September 30, 2000 has been greatly strengthened compared to the prior year primarily due to the sale of the Union Metal Group. At September 30, 2000 the Company had $48.0 million cash. Accounts receivable, inventory and accounts payable have all been significantly reduced at September 30, 2000 compared to September 30, 1999, due to the sale of the Union

Steel structures provide high reliability, low maintenance and optimal public safety

to reduce the amount of the outstanding Senior Subordinated Notes. The reduction in the principal amount of the Notes outstanding will significantly reduce debt servicing costs on a go forward basis.

Operating loans also provide an integral source of capital and are demand loan instruments. These operating loans are generally based upon levels of accounts receivable and inventory. The Company has good relationships with operating lenders and continues to focus energies in this area to improve its ability to finance future growth.

The Company will commence cash dividend payments on Senior Exchangeable Preferred Shares on August 1, 2001.

The Company anticipates receiving $2.0 million from the general escrow, created upon the sale of the Union Metal Group, in fiscal 2001 and a further $4.0 million during fiscal 2002 for a total of $6.0 million. Receiving cash from the general escrow is subject to there being no pending claims against the escrow by the purchaser of the Union Metal Group.

Upon the sale of the Union Metal Group, the Note Indenture governing the 10.75% Senior Subordinated Notes, due 2008, requires the Company to, within 360 days of the closing of such sale, invest the net proceeds, as defined, ($48,100,000) in assets related to the business and, to the extent the proceeds are not invested in the business, to make an offer to purchase Notes at par in an amount equal to 25% of the aggregate principal amount of the Notes ($18,750,000). On the 5th anniversary of the original issuance of the Notes (January 30, 2003), the Company is required to make a second offer to purchase Notes at par in an amount equal to the aggregate amount of the net proceeds of the sale of the Union Metal Group in excess of the assets purchased during the 360 days following the closing of the Union Metal sale and the original offer to purchase Notes at par. IUSI's current intention is to utilize all net proceeds of the sale of the Union Metal Group within 360 days of the disposition to fund its continued growth through investment in assets related to its business. To date a portion of such net proceeds has been expended in this manner. As a result, IUSI currently expects it will not be making either of the offers to purchase Notes.

[illegible] stalled in the growing US market

Managing Risk

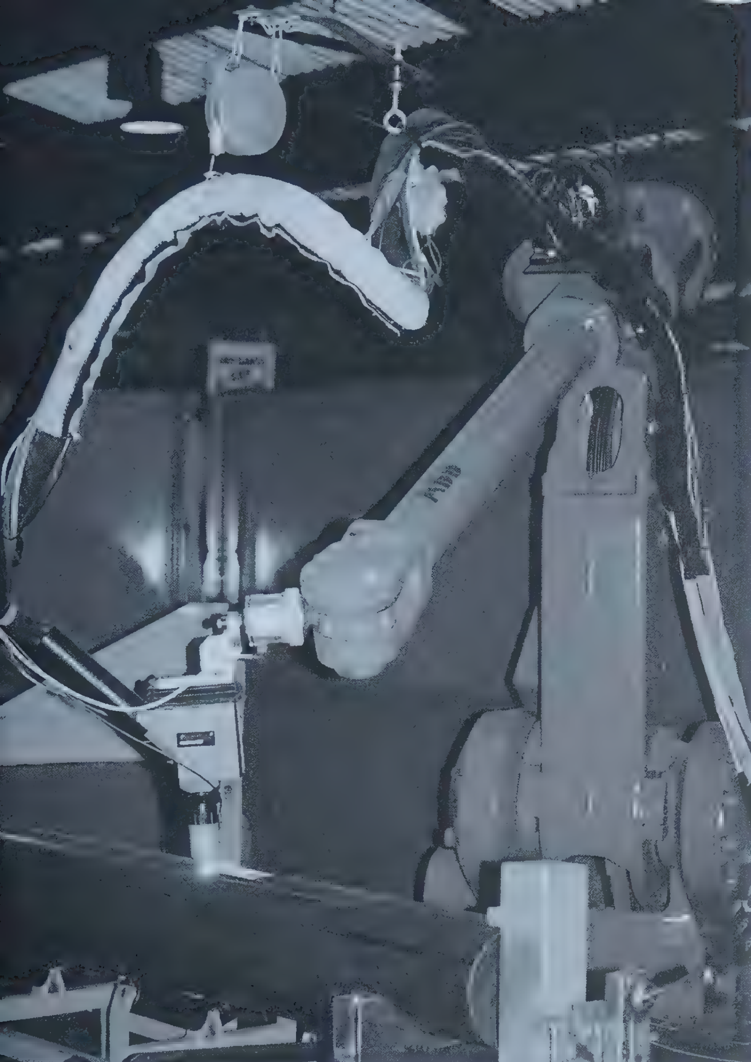
IUSI's business is somewhat cyclical and certainly the steel distribution pole market is early in its product life cycle. Earnings are directly dependent upon the amount of purchasing activities occurring in the lighting, traffic, transmission and distribution markets. This is the key risk that IUSI manages.

IUSI does this by continuing to improve the efficiencies of operations and by investing in technology to ensure that it remains a leader in quality and pricing. IUSI is geographically diversified with significant manufacturing operations in France, England and the United States.

Shareholders' Equity was increased during fiscal 2000 by $13.6 million which consists of the net income of $20.2 reduced by the unrealized foreign exchange loss of $6.6 million. IUSI has already seen the Euro strengthen against the US dollar from September 30, 2000 to its present level and many sophisticated observers are predicting further strengthening for the remainder of 2001 and beyond.

Although the Company is in a much more sound cash position than it was at September 30, 1999, the Company will continue to embark upon measures to increase EBITDA, seize opportunities to strengthen the balance sheet and to further develop the business model.

"The steel structures are earmarked to replace those wood poles which have exceeded their life span and exhibit the greatest amount of deterioration due to rot and/or infestation. The reliability, durability and economy of the steel poles will help ensure the continued high level of service Southwestern's customers have come to expect."



Robotic door cutting system allows automa

IUSI continues to communicate the benefits of steel distribution poles when compared to the concrete and wood alternatives.

Generally, IUSI does not engage in hedging activities or utilize other market-risk sensitive instruments. At September 30, 2000, IUSI did not believe that market risk financial instruments would have a material affect on future operations or cash flows nor did it view currency exchange risk or interest rate risk as material. Operational currency exchange risk would arise if IUSI priced products in one currency while material costs and expenses were denominated in a different currency. IUSI does not believe it is subject to any material currency exchange risk as it typically matches the currency of operating expenses with the currency of revenues. However, from time to time IUSI enters into a contract denominated in a currency other than the currency of operating expenses and, in such cases, may enter into currency forward arrangements with respect to and for the period covering such contract. At September 30, 2000, IUSI had not entered into any material foreign exchange contracts.

In addition IUSI has significant long term currency exchange risk as its European operations have significant assets and liabilities denominated in Euros and British pounds that generate revenues and incur expenses in these two currencies. These assets and liabilities being restated into US dollars result in the foreign currency translation adjustment that appears on IUSI's balance sheet.

IUSI also does not believe it is subject to any material interest rate risk as interest on debt obligations are primarily fixed rate instruments. IUSI believes its interest rate risk, due to variable interest rates, is not significant.

Steel is IUSI's primary raw material. Like most commodities, steel prices rise and fall according to the interaction of supply and demand forces. In many cases, the market price for steel-based products follows that of the raw material from which they are made. The Company also utilizes its buying power to build relationships with its suppliers to ensure that the steel it requires is constantly available at competitive prices. The Company also ensures that it does not rely upon a single supplier for any critical raw material.

To the Shareholders

The consolidated financial statements of International Utility Structures Inc. have been prepared by management which is responsible for the integrity and objectivity of this information. These financial statements have been prepared in conformity with Canadian generally accepted accounting principles. The financial and operating information presented in this annual report is consistent with that shown in the consolidated financial statements.

KPMG LLP, the auditors appointed by the shareholders, have conducted an independent examination of the corporate and accounting records in order to express their opinion on the consolidated financial statements. Their report is set out on the following page.

The Board of Directors, through its Audit Committee, oversees management's responsibilities for financial reporting and internal control. The Audit Committee meets with the independent auditors and management to discuss auditing and financial matters and to review the consolidated financial statements and the independent auditors' report. The Audit Committee reports its findings to the Board for consideration in approving the consolidated financial statements for issuance to the shareholders.

Robert G.J. Jack
President and Chief Executive Officer

Gerald A. Diener
Vice President Finance and Chief Financial Officer

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of International Utility Structures Inc. as at September 30, 2000 and 1999 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Canadian generally accepted accounting principles vary in certain significant respects from accounting principles generally accepted in the United States. Application of accounting principles generally accepted in the United States would have affected results of operations for each of the years in the two year period ended September 30, 2000 and deficit as at September 30, 2000 and 1999 to the extent summarized in Note 17 to the consolidated financial statements.

KPMG LLP

Chartered Accountants
Vancouver, Canada
November 17, 2000

CONSOLIDATED BALANCE SHEETS

September 30, 2000 and 1999

(In thousands of U.S. Dollars)

	2000	1999
Assets		
Current assets:		
Cash and cash equivalents	$ 48,034	$ 14,297
Cash in escrow (note 3)	2,000	-
Accounts receivable	25,848	40,007
Inventories (note 4)	21,398	32,105
Prepaid expenses and other	1,575	2,039
	98,855	88,448
Property, plant and equipment (note 5)	38,466	49,756
Deferred product development costs (note 6)	119	574
Cash in escrow (note 3)	5,066	-
Deferred financing costs	4,353	5,047
Deferred income taxes	673	1,222
Other assets	691	741
	$ 148,223	$ 145,788
Liabilities and Shareholders' Equity		
Current liabilities:		
Operating loans (note 7)	$ 10,756	$ 7,023
Accounts payable and accrued liabilities	27,688	42,007
Current portion of long-term debt (note 8)	158	188
Current portion of redeemable preferred shares (note 9)	169	333
	38,771	49,551
Long-term debt (note 8)	76,410	79,307
Other long-term liabilities	2,423	3,181
Redeemable preferred shares (note 9)	26,039	22,799
	143,643	154,838
Shareholders' equity (deficit):		
Common shares (note 10)	18,990	18,990
Warrants (note 10(c))	1,612	1,612
Deficit	(8,348)	(28,522)
Cumulative foreign currency translation adjustment	(7,674)	(1,130)
	4,580	(9,050)
Commitments and contingencies (note 14)		
Subsequent event (note 8(a))		
	$ 148,223	$ 145,788

See accompanying notes to consolidated financial statements.

Approved by the Board:

Director

Director

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

Years ended September 30, 2000 and 1999
(In thousands of U.S. Dollars, except per share amounts and number of shares)

		2000	1999
Sales, net of commission		$ 153,902	$ 164,944
Less:			
Cost of sales		108,497	111,790
Selling and administrative expenses		24,833	25,777
Plant operating costs		12,338	13,748
Depreciation and amortization		7,672	8,105
Gain on sale of joint venture		-	(1,437)
		153,340	157,983
Income before the following items:		562	6,961
Gain on sale of Union Metal Group		34,401	-
Income before other and income taxes		34,963	6,961
Other expense (income):			
Interest expense		9,917	9,076
Dividends on redeemable preferred shares (note 9)		4,089	3,695
Amortization of deferred financing costs		694	587
Interest and other income		(1,472)	(945)
		13,228	12,413
Income (loss) before income taxes		21,735	(5,452)
Income taxes	- current	1,697	2,078
	- deferred	(136)	(188)
		1,561	1,890
Net income (loss)		20,174	(7,342)
Deficit, beginning of year		(28,522)	(21,180)
Deficit, end of year		$ (8,348)	$ (28,522)
Net earnings (loss) per share	- Basic (note 11)	$ 1.62	$ (0.59)
	- Fully diluted (note 11)	$ 1.41	$ n/a

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended September 30, 2000 and 1999

(In thousands of U.S. Dollars)

	2000	1999
Net cash from (used in) operating activities (note 16)	$ (13,148)	$ 3,763
Cash flows from (used in) financing activities:		
Repurchase of senior subordinated notes	(1,500)	-
Redemption of preferred shares, Series 2	(331)	(1,496)
Costs relating to warrants	-	(200)
Repayment of debt assumed	(160)	(395)
Increase (repayment) of operating loans	5,004	(1,978)
	3,013	(4,069)
Cash flows from (used in) investing activities:		
Proceeds on sale of Union Metal Group, net of cash sold of $726	59,486	-
Cash placed in escrow (see note 3)	(7,066)	-
Purchase of property, plant and equipment	(8,046)	(6,190)
Proceeds on sale of joint ventures	-	1,600
Other	(502)	(251)
	43,872	(4,841)
Increase (decrease) in cash and cash equivalents	33,737	(5,147)
Cash and cash equivalents, beginning of year	14,297	19,444
Cash and cash equivalents, end of year	$ 48,034	$ 14,297

Non-cash financing activities:
During the years ended September 30, 2000 and 1999, the Company issued additional 13% Senior Exchangeable Preferred Shares pursuant to the payment of dividends on 13% Exchangeable Preferred Shares of $3,226 and $2,864, respectively.

Supplemental disclosures of cash flow information:

Cash paid (received) during the year for:

	2000	1999
Interest	$ 9,953	$ 9,086
Taxes	2,032	1,912

See accompanying notes to consolidated financial statements.

Years ended September 30, 2000 and 1999

(Tabular dollar amounts in thousands of U.S. Dollars, except per share amounts)

1. **Nature of operations:**

   The Company and its wholly-owned subsidiaries are engaged in the manufacture and sale of metal overhead lighting, powerline and telecommunications support structures throughout the world.

2. **Significant accounting policies:**

   The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in Canada and, except where otherwise indicated, are presented in U.S. dollars. Material differences in amounts calculated in accordance with generally accepted accounting principles in Canada applied to the basic consolidated financial statements to those that would be calculated under accounting principles generally accepted in the United States are set out in note 17.

   The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In the consolidated financial statements of the Company, the most significant areas where management is required to make near term estimates is in the assessment of underlying value and depreciation and amortization periods of plant and equipment and deferred product development costs. Actual amounts could differ from those estimates.

   The following significant accounting policies have been applied in the preparation of these consolidated financial statements.

   (a) Principles of consolidation:

   These financial statements consolidate the accounts of the Company and its wholly owned subsidiaries. All material intercompany balances and transactions have been eliminated.

   (b) Cash equivalents:

   Cash equivalents are comprised of highly liquid investments having terms to maturity of three months or less when acquired.

...ificant accounting policies (continued):

(c) Inventories:

Inventories of finished goods and work-in-process, which include direct production materials and labour, are valued at the lower of cost, determined on a weighted average basis, and net realizable value.

Inventories of materials and supplies are valued at the lower of average cost and replacement cost.

(d) Property, plant and equipment:

Property, plant and equipment are carried at cost.

The rates of depreciation applied to depreciate the cost less estimated salvage values of plant and equipment over their estimated useful lives are as follows:

Asset	Basis	Rate
Buildings	Straight-line	2% - 10%
Machinery and equipment	Straight-line	8% - 33.3%
Furniture and office equipment	Straight-line	10% - 33.3%
Leasehold improvements	Straight-line	Duration of lease

(e) Deferred product development costs:

Direct product development costs, including engineering salaries, production of test poles and the development of the manufacturing process, have been deferred and are being amortized on an increasing basis utilizing the sum of the years' digits method over a five year period. If, at any time, the undiscounted amount of estimated future net cash flows is less than the carrying value of the costs capitalized, the excess will be charged against income at that time.

(f) Deferred financing costs:

Deferred financing costs consist of legal and other fees, relating to the financing of the Company's debt obligations. These costs are being amortized over 10 years.

(g) Revenue recognition:

Revenue is recognized when title passes to the purchaser and there is reasonable certainty as to the collectability of the proceeds.

2. Significant accounting policies (continued):

(h) Income taxes:

The Company accounts for income taxes on the deferred tax allocation method. Under this method, timing differences between reported and taxable income result in provisions for taxes not currently payable. Such timing differences arise principally as a result of claiming depreciation and other amounts for tax purposes at amounts differing from those charged to income.

(i) Foreign currency:

The functional currency of the Company's North American operations is the U.S. dollar, which is also the Company's reporting currency. Monetary items denominated in Canadian dollars are translated to U.S. dollars at exchange rates in effect at the balance sheet date and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in income.

The functional currency of the Company's operations outside of North America is considered to be the local currency. Balance sheet items initially measured in foreign currencies are translated into U.S. dollars using the period end exchange rate. Income statement transactions are translated into U.S. dollars using average exchange rates for the reporting period. Adjustments from translating foreign operations into the U.S. dollar are included in the cumulative foreign currency translation adjustment component of shareholders' equity.

(j) Stock Options:

The company has a stock-based compensation plan which is described in note 10 (d). No compensation expense is recognized for these plans when stock or stock options are issued to employees. Any consideration paid by employees on exercise of stock options or purchase of stock is credited to share capital. If stock or stock options are repurchased from employees, the excess of the consideration paid over the carrying amount of the stock or stock option cancelled is charged to retained earnings.

(k) Comparative figures:

Certain of the prior year's comparative figures have been reclassified to conform with the presentation adopted for the current year.

Business divestiture:

On August 7, 2000 the Company sold its interests in two wholly-owned subsidiaries, being Union Metal Corporation located in Canton, Ohio and Metal Pole-Lite Inc. located in Montreal, Quebec (collectively the "Union Metal Group"). The Company received net proceeds of $60,212,000 which resulted in a gain on the sale, after deducting the costs of disposition, of $34,401,000. The consolidated statement of operations includes the operations of the Union Metal Group up to August 7, 2000.

In addition, pursuant to terms of the sale agreement, the Company was required to deposit $6,000,000 of the net proceeds with an escrow agent in a general account and $1,000,000 for a specific environmental liability which has been accrued in the accounts of the Company at September 30, 2000 and charged against the proceeds on sale. These general account funds are to be used for future claims (if any) arising from the sale and will be released to the Company in $2,000,000 tranches on August 7, 2001, February 7, 2002 and August 7, 2002 if there are no claims.

Any claim paid out of the $6,000,000 deposited in escrow will be charged to income in the period of the disbursement.

	2000	1999
Materials and supplies	$ 8,217	$ 13,723
Work-in-process	3,705	9,604
Finished goods	9,476	8,778
	$ 21,398	$ 32,105

Property, plant and equipment:

	Cost	Accumulated depreciation	2000 Net book value
Land	$ 3,203	$ -	$ 3,203
Buildings	11,000	2,342	8,658
Machinery and equipment	38,220	12,973	25,247
Furniture and office equipment	2,339	1,275	1,064
Leasehold improvements	797	503	294
	$ 55,559	$ 17,093	$ 38,466

5. Property, plant and equipment (continued):

	Cost	Accumulated depreciation	1999 Net book value
Land	$ 3,869	$ -	$ 3,869
Buildings	14,810	1,978	12,832
Machinery and equipment	41,657	11,207	30,450
Furniture and office equipment	2,432	974	1,458
Leasehold improvements	824	389	435
Construction in progress	712	-	712
	$ 64,304	$ 14,548	$ 49,756

6. Deferred product development costs

	2000	1999
Deferred development costs	$ 1,434	$ 1,434
Accumulated amortization	(1,315)	(860)
	$ 119	$ 574

7. Operating loans:

Operating loans are unsecured, bear interest at average rates of 6.2% per annum (1999 - 3.2%) and are repayable on demand. The operating loans are drawn under demand lines of credit aggregating $13,499,000 (1999 - $19,609,000) based on exchange rates in effect at year end.

8. Long-term debt

	2000	1999
Notes (a)	$ 73,000	$ 75,000
Other (b)	3,568	4,495
	76,568	79,495
Less current portion of long-term debt	158	188
	$ 76,410	$ 79,307

(a) Notes:

On January 30, 1998, the Company issued 10.75% Senior Subordinated Notes due 2008 (the "Notes") for aggregate proceeds of $75,000,000. Interest on the Notes is payable semi-annually. The Notes are redeemable at the option of the Company, in whole or in part, at any time on or after February 1, 2003 at specified redemption prices. The

Long-term debt (continued):

(a) Notes (continued):

Company repurchased $2,000,000 face amount of the Notes during fiscal 2000 at a cost of $1,500,000, resulting in a gain of $500,000 which has been included in interest and other income. Subsequent to September 30, 2000 the Company repurchased an additional $12,025,000 face amount of the Notes at a substantial discount.

In addition, at any time on or prior to February 1, 2001, up to an aggregate principal of $26,250,000 of Notes are redeemable at the Company's option from the net proceeds of one or more sales of common shares, at specified redemption prices provided that at least $48,750,000 remains outstanding.

Upon the sale of the Union Metal Group (Note 3) the Note Indenture governing the 10.75% Senior Subordinated Notes due 2008 required the Company to, within 360 days of the closing of such sale, invest the net proceeds, as defined, ($48,100,000) in assets related to the business and, to the extent the proceeds are not invested in the business, to make an offer to purchase Notes at par in an amount equal to 25% of the aggregate principal amount of the Notes ($18,750,000). On the 5th anniversary of the original issuance of the Notes (January 30, 2003), the Company is required to make a second offer to purchase Notes at par in an amount equal to the aggregate amount of the net proceeds of the sale of the Union Metal Group in excess of the assets purchased during the 360 days following the closing of the Union Metal sale and the original offer to purchase Notes at par.

The Notes are unsecured obligations of the Company and are subordinated in right of payment to all existing and future senior debt of the Company. The Notes are effectively subordinated to all existing and future indebtedness and all other liabilities, including trade payables of the Company's subsidiaries.

The Notes have certain covenants which include limiting the Company's ability to incur certain types of new debt if, after giving effect to the incurrence of such debt, the ratio of consolidated cash flow to fixed charges, as defined, is less than 2.0:1.

(b) Other:

Other long-term debt consists of French Francs 26,617,000 bearing interest at rates from 4.0 to 9.6%.

8. Long-term debt (continued):

(b) Other (continued):

The Company had previously entered into an interest rate swap which remains in place and that fixed the interest rate on French Francs 15,000,000 ($2,011,000) of debt at 7.9% until June 30, 2011.

Payments of principal required during the next five years:

2001	$ 158
2002	211
2003	213
2004	237
2005	264

9. Redeemable preferred shares:

(a) Authorized:

The Company is authorized to issue:

(i) An unlimited number of redeemable preferred shares in series; and

(ii) 30,000 Senior Exchangeable Preferred Shares

(b) Issued:

Redeemable preferred shares are comprised of:

	2000	1999
Redeemable Preferred Shares, Series 2 (i)	$ 169	$ 500
13% Senior Exchangeable Preferred Shares (ii)	26,039	22,632
	26,208	23,132
Less current portion of Redeemable Preferred Shares, Series 2	(169)	(333)
	$ 26,039	$ 22,799

(i) Redeemable Preferred Shares, Series 2:

The Company had previously authorized to issue 5,000 shares designated as fixed, cumulative Redeemable Preferred Shares, Series 2, with preferential dividends at an annual rate of 6% of the subscription price. During fiscal 2000, 500 shares were redeemed for cash, and 250 shares remained issued and outstanding at September 30, 2000 (1999- 750).

nable preferred shares (continued):

(i) Redeemable Preferred Shares, Series 2 (continued):

These shares are held by an Escrow Agent for a five year holding period. For 45 days following the holding period, the Company will provide an option to the preferred shareholder to convert the $1,000 Canadian preferred shares into common shares at $3.825 Canadian per common share. If the preferred shares are not converted they will be redeemed at $1,000 Canadian per share.

The remaining 250 preferred shares are redeemable for cash in 2001.

(ii) 13% Senior Exchangeable Preferred Shares:

	Number of shares	Amount
Balance as at September 30, 1998	21,296	$ 19,605
Dividends in kind	2,846	2,846
Accretion of redemption value	-	181
Balance as at September 30, 1999	24,142	22,632
Dividends in kind	3,226	3,226
Accretion of redemption value	-	181
Balance as at September 30, 2000	27,368	$ 26,039

On January 30, 1998, the Company issued 20,000 Units each consisting of a 13% (in addition the Company pays a 15% withholding tax to the Canadian government) Senior Exchangeable Preferred Share, having a redemption amount of $1,000, and one warrant to purchase 30 common shares of the Company at a per share price of $1.98 Canadian. The preferred shares are mandatorily redeemable on February 1, 2008. The proceeds of $20,000,000 were allocated $18,188,000 to the preferred shares and $1,812,000 to the warrants. The difference between the redemption value of the preferred shares and the assigned value is being amortized on a straight-line basis over 10 years.

Dividends on the Senior Exchangeable Preferred Shares are payable semi-annually. At the Company's option, declared dividends on any dividend payment made on or before February 1, 2001 may be paid in cash or in additional Senior Exchangeable Preferred Shares.

9. **Redeemable preferred shares (continued):**

(ii) 13% Senior Exchangeable Preferred Shares (continued):

The Senior Exchangeable Preferred Shares are redeemable at the option of the Company, in whole or in part, at any time on or after February 1, 2003 at specified redemption prices. In addition, at any time prior to February 1, 2001, the Company may, at its option, use any net cash proceeds from one or more sales of common shares to redeem Senior Exchangeable Preferred Shares, in whole or in part, at specified redemption prices. Subject to certain conditions, the Senior Exchangeable Preferred Shares are exchangeable on any dividend payment date occurring on or after February 1, 2001, in whole, but not in part, at the option of the Company, into the Company's 13% Subordinated Exchange Debenture due February 1, 2008. In addition each shareholder will be able to require the Company to repurchase all or a portion of the shares upon the occurrence of specified events.

10. **Common shares:**

(a) Authorized:

Unlimited common shares, without par value

(b) Issued:

	Number of shares		Amount
Balance, September 30, 1998	12,444,302	$	18,984
Preferred shares converted to common shares	2,500		6
Balance, September 30, 1999 and 2000	12,446,802	$	18,990

(c) Warrants:

In January 1998, the Company granted warrants to purchase, in aggregate, 600,000 common shares at $1.98 Canadian per common share. These warrants were not exercisable prior to February 1, 1999 and will expire on February 1, 2003 (see also note 9(b)(ii)). At September 30, 2000 these warrants remain unexercised.

10. Common shares (continued):

(d) Stock options:

In November 1995, the Company implemented a stock option plan for directors, officers and key employees. Stock options are granted at exercise prices based on the market price of the Company's common shares at the date of grant. Stock options vest and become exercisable as to 20% per annum for a five year period commencing with the year of grant. Stock options expire 10 years from the date of grant.

The Company is authorized to issue 1,344,500 shares under the stock option plan and has outstanding stock options exercisable at prices from $1.60 to $4.50 Canadian per share for the periods presented as follows:

	2000	Weighted average price (Cdn$)	1999	Weighted average price (Cdn$)
Outstanding, beginning of year	1,269,500	$ 3.99	1,324,500	$ 3.97
Granted	80,000	1.60	20,000	3.45
Cancelled or expired	(30,000)	3.05	(75,000)	3.35
Outstanding, end of year	1,319,500	$ 3.87	1,269,500	$ 3.99
Exercisable at end of year	1,062,700	$ 4.06	783,200	$ 4.09

As at September 30, 2000, the weighted average remaining contractual life of the options outstanding is six years.

11. [illegible]

Basic income (loss) per share of $1.62 (1999 - ($0.59)) has been calculated using the weighted average number of common shares actually outstanding during the period and consists of 12,446,802 for the year ended September 30, 2000 (1999 - 12,445,760). Fully diluted income per share, which reflects the potential dilutive effects of the of the ability to convert Redeemable Preferred Shares, Series 2, the warrants and stock options, for the year ended September 30, 2000 is $1.41. Fully diluted income (loss) per share information for fiscal 1999 has not been calculated as the impact of potential dilutive effects is anti-dilutive.

12. Segmented information:

The Company operates in a single industry segment. The Company's net sales by geographic area are as follows:

	2000	1999
United States	$ 57,252	$ 65,648
France	33,858	40,576
Other countries	62,792	58,720
	$ 153,902	$ 164,944

The location of the Company's capital assets by geographic area are as follows:

	2000	1999
United States	$ 4,520	$ 11,023
France	30,817	35,577
Europe, excluding France	3,129	3,156
	$ 38,466	$ 49,756

13. Income taxes:

Income tax expense varies from the amounts that would be computed by applying the basic federal and provincial income tax rates for Canada at 44.6% (1999 - 44.6%) to income (loss) before income taxes. The reasons for the differences are as follows:

	2000	1999
Computed tax expense (recovery)	$ 9,694	$ (2,432)
Increase (decrease) in taxes resulting from:		
Loss carryforwards benefit not recorded in the financial statements	4,410	1,871
Non-deductible dividends	1,824	1,648
Other including permanent differences	-	161
Tax on exchangeable preferred share dividends	976	857
Effect of foreign income taxes at lower tax rates	(15,343)	(215)
Tax expense per the financial statements	$ 1,561	$ 1,890

The Company has non-capital losses which total $33,175,000 available for deduction against future years taxable income. These losses expire between 2001 and 2014. The potential benefit of the above losses has not been recognized in the financial statements.

(a) The minimum future annual commitments in respect of plant and offices leases, and operating leases on machinery and equipment are as follows:

2001	$ 581
2002	415
2003	226
2004	156
2005	92
Thereafter	68

Rental expense for the current year was $668,000 (1999 - $766,000).

(b) The Company and its subsidiaries are involved in several lawsuits arising out of the ordinary course of business. Although the outcome of such matters cannot be predicted with certainty, management does not consider the Company's exposure to lawsuits to be material to these consolidated financial statements.

(a) Fair values:

Financial instruments of the Company are comprised of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, Notes payable, Redeemable Preferred Shares, interest rate swaps and forward exchange contracts.

The fair values of all financial instruments are estimated to not be materially different from their carrying values either due to their ability for liquidation or settlement in the near term or, with respect to the Redeemable Preferred Shares, due to their redemption price effectively equaling their carrying value and the dividend rate being representative of equivalent interest rates.

(b) Forward exchange contracts:

As at September 30, 2000, the Company had not entered into any material forward exchange contracts.

(c) Credit risk:

The Company has no significant concentrations of credit risk.

15. Financial instruments (continued):

(d) Factoring Agreements:

At September 30, 2000 the Company had entered into a factoring agreement selling approximately $5,900,000 (1999 - $3,000,000) of its accounts receivable on a non-recourse basis. These agreements have been accounted for as a sale of financial assets.

16. Reconciliation of net income (loss) to net cash from (used in) operating activities:

The computation of net cash from (used in) operating activities is as follows:

	2000	1999
Net income (loss) for the year	$ 20,174	$ (7,342)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	7,672	8,105
Amortization of deferred financing costs	694	587
Dividends settled by shares	3,226	2,846
Accretion of redeemable preferred shares to redemption value	181	181
Deferred income taxes	(136)	(188)
Gain on sale of Union Metal Group	(34,401)	-
Gain on repurchase of senior subordinated notes	(500)	-
Gain on sale of joint ventures	-	(1,437)
Other	(1,877)	94
Accounts receivable	(3,375)	2,378
Inventories	(2,217)	(4,572)
Prepaid expenses and other	1	(136)
Accounts payable and accrued liabilities	(2,590)	3,247
Net cash from (used for) operating activities	(13,148)	3,763

17. United States accounting principles:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). A summary of material measurement differences to United States generally accepted accounting principles ("U.S. GAAP") are as follows:

11. United States accounting principles (continued):

(a) Deferred product development costs:

In accordance with Canadian GAAP, the Company has capitalized development costs meeting specified criteria and amortizes such costs over a five year period. Under U.S. GAAP, all such development costs must be expensed as incurred.

(b) Sales:

As allowed by Canadian GAAP, the Company has disclosed sales net of sales commissions. Under U.S. GAAP, the following amounts would have been included in cost of sales and sales would have been reported at gross amounts:

(b) Sales (continued):

	2000	1999
Commissions netted against sales under Canadian GAAP	$ 2,838	$ 2,979

(c) Dividends on redeemable preferred shares:

In accordance with Canadian GAAP, dividends incurred on redeemable preferred shares classified as a liability are accounted for as an expense and deducted in the determination of income. Under U.S. GAAP, such dividends are excluded from the determination of income and accounted for as a direct charge against equity.

(d) Acquisition of Petitjean:

Under Canadian GAAP, the difference between the purchase price and the underlying basis in the Petitjean assets acquired and liabilities is considered to be a permanent difference and no value is assigned to this difference, nor is income tax expense adjusted to reflect the amortization of this difference. For U.S. GAAP purposes, the difference between the assigned values recognized in a purchase business combination and the tax basis is considered to be a temporary difference except where the amount is assigned to goodwill that is not deductible for tax purposes in which case no deferred income tax

17. United States accounting principles (continued):

(d) Acquisition of Petitjean (continued):

recognition is given. The tax effect of this temporary difference is recorded as part of the purchase equation by increasing goodwill. For purposes of this reconciliation, goodwill is amortized over a 10 year period.

(e) Gain on sale of joint venture:

Under U.S. GAAP the gain on sale of the joint venture would be disclosed outside of operating income.

(f) Income taxes:

For U.S. GAAP purposes, income taxes are accounted for in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS 109). SFAS 109 requires the asset and liability method of accounting for income taxes. Under the asset and liability method of SFAS 109, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided on deferred tax assets to the extent it is not more likely than not that such deferred tax assets will be realized. Under SFAS 109, the effect on deferred tax assets and liabilities of a change in tax rate is recognized in income in the period that includes the enactment date.

(g) Computation of net income (loss) per share:

For U.S. GAAP purposes, net income (loss) per share is calculated in accordance with Statement of Financial Accounting Standards No. 128, "Earnings per Share" (SFAS 128). The calculation of earnings per share under SFAS 128 is similar to the calculation of earnings per share under Canadian GAAP, except that diluted earnings per share is calculated under the treasury stock method.

United States accounting principles (continued):

(g) Computation of net income (loss) per share (continued):

This method of calculation assumes that any proceeds received from the exercise of potentially dilutive instruments would be used to repurchase common stock at the average market price during the year.

(h) Application of U.S. GAAP:

The effect of the above items on net income (loss), total assets, and shareholders' equity is as follows:

	Notes	2000	1999
Net Income (Loss), in accordance with Canadian GAAP		$ 20,174	$ (7,342)
Deferred product development costs	(a)	454	373
Preferred share dividends	(c)	4,089	3,695
Amortization of additional value assigned to property, plant and equipment and goodwill due to income tax accounting principles, net of tax	(d)	(623)	(623)
Income taxes, net	(f)	1,868	189
Net Income (Loss) in accordance with U.S. GAAP		25,962	(3,708)
Preferred share dividends		(4,089)	(3,695)
Net Income (Loss) available to common shareholders		$ 21,873	$ (7,403)
Net Income (Loss) per share, U.S. GAAP			
- Basic		$ 1.76	$ (0.59)
- Diluted		n/a	n/a

Statement of Other Comprehensive Income:

	2000	1999
Net Income (Loss) in accordance with U.S. GAAP	$ 25,962	$ (3,708)
Other comprehensive income:		
Foreign currency translation adjustment	(6,544)	(3,486)
	$19,418	$(7,194)

17. United States accounting principles (continued):

(h) Application of U.S. GAAP (continued):

	Notes	2000	1999
Total assets, in accordance with Canadian GAAP		$ 148,223	$ 145,788
Deferred product development costs	(a)	(119)	(574)
Additional value assigned to property, plant and equipment and goodwill due to income tax accounting, net of amortization of $1,662 (1999 - $1,039)	(d)	4,575	5,198
Deferred income tax asset	(e)	(673)	(1,222)
Total assets, in accordance with U.S. GAAP		$ 152,006	$ 149,190
Shareholders' equity, in accordance with Canadian GAAP		$ 4,580	$ (9,050)
Deferred product development costs	(a)	(119)	(574)
Accumulated amortization of additional value assigned on acquisition, net of income tax	(d)	(1,662)	(1,039)
Income taxes	(e)	(4,655)	(7,208)
Shareholders' equity (deficiency), in accordance with U.S. GAAP		$ (1,856)	$ (17,871)

Directors and Officers

Senator Jack Austin, Q.C.[3]
Director

John S. Burns, Q.C.[3]
Director

Robert J.S. Gibson[1][2]
Director

Robert G.J. Jack[1]
Director, President & Chief Executive Officer

Brian G. Kenning[1][2]
Director, Chairman

Terrence A. Lyons[1][2][3]
Director

David B. Olsen[3]
Director

Edward R. Pitts[4]
Director

Gerald A. Diener
Vice President Finance & Chief Financial Officer

Ann M. Mooney
Corporate Secretary

(1) Member of Executive Committee
(2) Member of Audit Committee
(3) Member of Compensation Committee
(4) Appointed October 5, 2000

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Email: general@iusi.ca
Website: www.iusi.ca

Corporate Bank

Canadian Imperial Bank of Commerce
Calgary, Alberta, Canada

Auditors

KPMG LLP
Vancouver, British Columbia, Canada

Corporate Legal Counsel

Bennett Jones LLP
Calgary, Alberta, Canada

Registrar and Transfer Agents

Computershare Trust Company of Canada
Calgary, Alberta, Canada

Bank of Nova Scotia Trust Company of New York*
New York, NY

Stock Exchange Listing

Toronto Stock Exchange
Toronto, Ontario, Canada

Trading Symbol

Common Shares - IUS

* Maintains Register of Transfers for Senior Exchangeable Preferred Shares

Manufacturing Facilities

International Utility Structures (Arkansas) Inc.
2210 East Main Street
Batesville, Arkansas, USA 72501

Petitjean Industries S.A.S.
52, Avenue Marechal LeClerc
BP 10 - F 10121
St. Andre Les Vergers Cedex
Troyes, France

Stainton Metal Co. Ltd.
Dukesway/Teesside Ind. Estate
Thornaby
Cleveland, England TS17 9LT

This annual report includes forward-looking statements within the meaning of the U.S. federal securities laws. Forward-looking statements attempt to predict future occurrences and are identified by words like "believes", "anticipates", "expects" and similar words. Our predictions about future occurrences are subject to assumptions and uncertainties, including general economic and business conditions and a number of known and unknown risks including: a competitor may develop a manufacturing process which competes with our proprietary technology; we are substantially leveraged and have a history of losses, we are subject to fluctuations in the cost of raw materials; and we compete with other materials. These and other factors are discussed in greater detail in IUSI's annual report on Form 20-F on file with the U.S. Securities and Exchange Commission. If any of these risks or uncertainties materialize, or if our assumptions prove incorrect, our actual results may differ materially from our projected results.

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